Responsible Sourcing in the Jewelry Supply Chain

The undersigned investors call on companies in the jewelry industry to review their policies and practices and take action to ensure responsible sourcing of gold, diamonds, and other precious minerals and gems.

Specifically, we urge jewelry manufacturers and retailers to conduct human rights due diligence in line with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. Furthermore, we urge the Responsible Jewellery Council to strengthen its standards to set a high bar for responsible sourcing practices in the industry.

Human rights risks in the jewelry supply chain

Over half of the world’s gold and about 70 percent of the world’s diamonds are used in jewelry, an industry that generates over US$300 billion in revenue annually. Mining also provides livelihoods for more than 40 million people worldwide who work in gold and diamond mines, often in the artisanal sector. Yet adverse human rights impacts, including child and forced labor, forced displacement and environmental harms remain common in mining.

Mining is one of the most dangerous sectors of work, yet an estimated 1 million children work in mining, in violation of international law.¹ Child miners suffer injuries from carrying heavy loads and using sharp tools, are often exposed to dangerous chemicals including mercury, and have been killed when unstable pits collapse. Gold and diamond mining operations have also caused environmental damage that threatens people’s rights to health, water and food. Mining operations have also displaced indigenous peoples, and many companies have failed² to secure free, prior, and informed consent before mining exploration in line with international standards.³

Responsible management of global supply chain risks is material to investors. Where businesses fail to respect human rights in their own operations or in their supply chains, there is a risk of expensive litigation and reputational harm.

³ C169 - Indigenous and Tribal Peoples Convention, 1989 (No. 169); UN Declaration on the Rights of Indigenous Peoples; American Declaration on the Rights of Indigenous Peoples
Current industry certification schemes fail to ensure responsible sourcing

As fiduciaries, we view it as our responsibility to conduct human rights due diligence. We rely on effective mechanisms to evaluate business conduct, including sound certification schemes and corporate disclosures in line with the UN Guiding Principles on Business and Human Rights: these mechanisms improve investors’ ability to assess human rights and reputational risks in a company’s supply chain allowing us to make more informed investment decisions.

Despite efforts such as the Kimberley Process—set up in 2002 to end the trade in “blood diamonds”—abusive government forces and armed groups continue to benefit from mining. In Zimbabwe, for example, armed forces recently engaged children and adults in forced labor, and tortured local villagers in the Marange diamond fields.

Moreover, the standards of the Responsible Jewellery Council (RJC)—an industry body that promotes responsible business conduct in the jewelry supply chain by certifying member companies—are not yet aligned with OECD standards on responsible supply chains of minerals from conflict-affected and high-risk areas. Also, its audit procedures lack transparency, and civil society participation is limited. The Council’s current process to revise its main certification standard offers an opportunity to set a higher bar for the industry.

From principles to practice: human rights due diligence to mitigate risk

We recognize that some companies in the jewelry industry are taking important steps to identify and address human rights risks in their supply chains. For example, some companies have full traceability for their gold4 or rely on recycled gold to minimize human rights risks.5 Some companies source from small-scale and artisanal mining cooperatives and help these mines improve their standards.6 Others work with their suppliers to help them meet their codes of conduct.7 However, most companies still fall short of meeting international standards.

In light of these and other ongoing human rights risks in the mining sector, we urge companies in the jewelry industry to set a high bar for responsible sourcing, take necessary steps to ensure their products do not contribute to adverse impacts on human rights, and report publicly on their efforts.

Only by conducting human rights due diligence in line with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas can manufacturers and retailers effectively mitigate the risk of adverse human rights impacts throughout the jewelry supply chain. This includes:

- Ensuring that due diligence efforts by jewelry manufacturers and retailers or their suppliers include robust efforts to assess and respond to human rights risks throughout the supply chains, including human rights assessments at mine level and remediation steps when abuses are identified;
- Ensuring full chain of custody over gold and diamonds, including by requiring and assessing evidence of business transactions from their suppliers, beginning at mines of origin;

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4 E.g. Tiffany and Co. (US)
5 E.g. Pandora (Denmark) and Christ (Germany)
6 E.g. Cartier (France) and Chopard (Switzerland)
7 E.g. Tiffany and Co. (US), Pandora (Denmark), Signet (US), and Bulgari (Italy).
- Report publicly on their human rights due diligence on an annual basis, including what risks have been identified, and steps taken in response;
- Checking their own conduct and that of suppliers through independent, third-party audits;
- Publish the names of their gold and diamonds suppliers;
- Supporting efforts to improve human rights conditions in artisanal and small-scale mining communities, including through formalization, and to seek out opportunities to source gold and diamonds from artisanal and small-scale mines that are not associated with human rights abuses.

We further urge the Responsible Jewellery Council to:

- Strengthen its standards to set a high bar for responsible sourcing practices in the industry in line with the OECD Due Diligence Guidance Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- Make its audit process more transparent, including by publishing audit summaries with information on non-compliances found;
- Give industry and civil society equal decision-making powers.

As shareholders concerned about the social impacts of our investments, we believe it is critical for all corporate actors to fulfill their human rights responsibilities. Through responsible sourcing practices, the jewelry industry also has the opportunity to positively contribute to better working conditions for millions of miners and healthier environments for thousands of mining communities.

Signatories:

Aargauische Pensionskasse (APK), Switzerland  
Adrian Dominican Sisters, Portfolio Advisory Board  
Avera Health  
Bernische Lehrerversicherungskasse, Switzerland  
Caisse de pension des sociétés Hewlett-Packard en Suisse, Switzerland  
Caisse de pensions de l'Etat de Vaud (CPEV), Switzerland  
Caisse de pensions ECA-RP, Switzerland  
Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires, Switzerland  
Caisse de Prévoyance de l'Etat de Genève (CPEG), Switzerland  
Caisse de Prévoyance des Interprètes de Conférence (CPIC), Switzerland  
Caisse intercommunale de pensions (CIP), Switzerland  
Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC), Switzerland  
CAP Prévoyance, Switzerland  
CCAP Caisse Cantonale d'Assurance Populaire, Switzerland  
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Mennonite Education Agency Mercy Investment Services, Inc.  
Nest Sammelstiftung, Switzerland  
Newground Social Investment  
NorthStar Asset Management, Inc.  
Northwest Coalition for Responsible Investment  
Pensionskasse der Stadt Winterthur, Switzerland  
Pensionskasse Stadt Luzern, Switzerland  
Pensionskasse Unia, Switzerland  
Prévoyance Santé Valais (PRESV), Switzerland  
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Profelia Fondation de prévoyance, Switzerland  
Prosperita Stiftung für die berufliche Vorsorge, Switzerland  
Region VI Coalition for Responsible Investment  
Retraites Populaires, Switzerland  
School Sisters of Notre Dame - CPP JPIC Office  
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CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle, Switzerland
Congregation of Sisters of St. Agnes
Congregation of St. Joseph
Dana Investment Advisors
Daughters of Charity, Province of St. Louise
Dignity Health
Dominican Sisters ~ Grand Rapids
Etablissement Cantonal d'Assurance (ECA VAUD), Switzerland
Ethos Foundation, Switzerland
Everence and the Praxis Mutual Funds
Fondation de la métallurgie vaudoise du bâtiment (FMVB), Switzerland
Fondation de prévoyance du Groupe BNP PARIBAS en Suisse, Switzerland
Fondation Leenaards, Switzerland
Heartland Initiative
Jesuit Committee on Investment Responsibility
Seventh Generation Interfaith Coalition for Responsible Investment
Sisters of Bon Secours USA
Sisters of Charity, Halifax
Sisters of St. Dominic/Racine Dominicans
Sisters of St. Francis Charitable Trust, Dubuque
Sisters of St. Francis of Philadelphia
Sisters of the Good Shepherd
Sisters of the Holy Names of Jesus and Mary.
Sisters of the Presentation of the BVM of Aberdeen SD
Solothurnische Gebäudeversicherung, Switzerland
SRIC
St. Galler Pensionskasse, Switzerland
Stiftung Abendrot, Switzerland
Terre des hommes, Switzerland
Tri-State Coalition for Responsible Investment
Zevin Asset Management